

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FIRST HALF OF 2021**

ARENA

HOSPITALITY GROUP

29 JULY 2021

A MEMBER OF PPHE HOTEL GROUP



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ARENA

HOSPITALITY GROUP

A MEMBER OF PPHE HOTEL GROUP

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INTERIM PERFORMANCE REPORT FOR THE PERIOD JANUARY – JUNE 2021

CONSOLIDATED RESULTS

"We are hereby presenting our results for the first six months of 2021. The report presents the consolidated performance of Arena Hospitality Group d.d ('AHG' or the 'Company') and its subsidiaries (the 'Group') in all countries of operation including Croatia, Germany, Hungary and Serbia, and unconsolidated performance in Croatia.

The trading environment in the first five months was severely subdued as countries across Europe experienced resurgence in COVID-19 cases resulting in tightened travel restrictions and lockdowns, aimed at reducing the number of COVID-19 infections. This travel uncertainty weighed on the business demand till May 2021. With vaccination programmes gaining momentum and COVID-19 cases reducing, governments across Europe started easing travel restrictions in June. This resulted in a positive momentum in the booking pace and a surge in leisure demand for Croatia, where all our properties are open for the summer season as in pre-pandemic years.

In light of the above, reported Group revenue decreased by 29.5% to HRK 56.3 million (2020: HRK 79.9 million) whilst EBITDA loss increased by 32.9% to negative HRK 49.3 million (2020: negative HRK 37.1 million). It is worth noting that this year's shortfall in performance is primarily coming from quarter one, however the results of Quarter one 2021 are not comparable to the results of quarter one 2020 where Park Plaza Belvedere Medulin in Croatia and our hotels in Germany and Hungary were operating normally prior to the start of the pandemic. Accommodation revenue decreased by 28.1% to HRK 42.7 million compared to last year (2020: HRK 59.4 million) as a result of a 1,013.5 bps decrease to 13.5% and a drop in average daily rate by 28.9% which amounted to HRK 371.4 (2020: occupancy 23.6% and average daily rate HRK 522.3, respectively).

The groups technology investment in Arena Mobile App, web & kiosk check-in has proven to be very successful. We have seen a huge increase in customer self-check-ins and mobile room key downloads thus providing a fast contactless customer journey experience especially in the current circumstances.

The Group continues to utilise Governments' support in its countries of operations to navigate through these challenging times and is focussed on preserving its liquidity and sustainability by further optimising its costs.

Highlights

- Following a prolonged period of lockdowns and closures, all our properties are currently in operation except art'otel budapest.
- Newly acquired hotel in Belgrade operational since May 2021.
- Encouraging booking trends since June for Croatia summer season.
- Excellent progress made with repositioning programme of Hotel Brioni Pula. Management continues to review appropriate launch dates for this iconic property.
- Achieved Safe Stay health and safety accreditation for our Croatian properties.
- Strong cash position of HRK 271.8 million.



CROATIA

In the second quarter, the business activity started to recover with most of our properties reopening during June. This year, due to the pandemic and measures undertaken by the Croatian, as well as other governments, we had to keep closed most of our hotels and apartment complexes, until early June. Total revenues increased by 64.7% to HRK 46.6 million (2020: HRK 28.3 million). The increase in accommodation revenue by 61.0% is the result of a 55.8% increase in rooms sold. Average daily rate amounted to HRK 349.4 (2020: HRK 337.4) while occupancy decreased by 522.2 bps to 14.9%.

EBITDA loss improved by 17.9% to HRK 27.5 million (2020: HRK 33.5 million). During the second quarter the Company prepared its reopening plans for the summer season, which included hiring part time employees and incurred various costs such as those related to revamping the properties ahead of opening. Moreover, the Company continued to utilise measures enacted by the Government aimed at helping companies by bearing significant part of the payroll costs. For the Company, the subsidised amount was approximately HRK 11.4 million during the period January to June 2021.

During the first six months, a total of HRK 91.6 million was invested predominantly in the refurbishment of Hotel Brioni Pula (future Grand Hotel Brioni). The repositioning programme of Hotel Brioni in Pula proceeded on schedule while the Company still evaluates the best possible timing for the opening of the Hotel.

Grand Hotel Brioni Pula



GERMANY, HUNGARY AND SERBIA

As tighter restrictions in travel and lockdowns continued from quarter one, the demand experienced in Germany remained flat with a slight uplift in June as measures were lifted. Leisure remained the primary source of demand, while business travel was subdued. This impacted our operations in Germany and a year-on-year comparison is not like for like as during Quarter one 2020 we experienced normal trading patterns as it was pre pandemic. The hotels in Nuremberg and Cologne have performed better than our hotels in Berlin due to a stronger domestic leisure demand for these destinations. Our hotel in Hungary was closed due to the imposed lockdown and continued low demand levels. Total revenues during the period decreased by 82.2% to HRK 8.6 million (2020: HRK 48.4 million). Accommodation revenues recorded a drop of 81.7% to HRK 6.8 million (2020: 37.1million) driven by a 28.4% reduction in average daily rate to HRK 557.0 (2020: 777.8) and a drop in occupancy of 2,356.1 bps to 7.4% (2020: 31.0%). EBITDA decreased to HRK 15.5 million negative (2020: HRK 0.7 million). The Group continues to utilise Government schemes available to ease the burden on its operations.

In relation to our Hungarian operation, the Group has in June signed the amendment to the lease agreement for the art'otel budapest. Based on the amendment, the lessor will grant a waiver referring to six monthly rents for the period from August 2020 until January 2021.

In addition to the ongoing payroll support ("Kurzarbeit"), the German state has announced new subsidies, of which one scheme is effective retrospectively from October 2020, whilst another scheme is for the current year starting Jan 2021 and continues through to September 2021. The Group is seeking to take advantage of all the prevailing schemes and expects to see the benefit over the coming months. It is too early to estimate and accrue the exact amount of the benefit that may be granted as a subsidy.

The Group has consolidated the results of its operations in Serbia for the first time after acquiring Hotel 88 Rooms in Belgrade at the end of 2020. The hotel opened in May 2021.

Hotel 88 Rooms Belgrade



DOING BUSINESS RESPONSIBLY

Arena Hospitality Group continues its commitment to supporting and making a positive contribution to the communities it develops, owns, and operates hotels, resorts, and campsites. Despite the Group's challenges in 2020 which continued in Q1 and Q2 2021, initiatives aimed at the well-being of our team members, guests and community have continued.

Our successful cooperation with the Pula General Hospital and the Institute of Public Health of Istrian County continued in Q2 2021. Arena Hospitality Group has, once again, recognised their efforts and hard work in these challenging times. To further raise their level of quality of work, the Group has co-financed the procurement of furniture for relocation of the new pathology ward of the General Hospital Pula.



Furthermore, in Croatia, we have continued with some long-standing initiatives to help sports clubs, athletes, and athletes with disabilities reach their full athletic potential.

In Croatia, we collaborated with the Public Health Institution and arranged COVID-19 vaccinations for all our employees, outsourced service companies and tenants engaged with our business. We also introduced daily COVID-19 testing centres in three locations namely Medulin, Premantura and Pula covering all our properties for our guests. We also introduced COVID-19 test booking service via the Arena app for our guests making it easier to comply with safe stay and return home COVID-19 testing requirements.

The Group is the long-term sponsor of Mikela Ristoski, a winner of a dozen European, world and Paralympic medals in the long jump. Some of her most notable achievements are winning bronze at the London 2012 Games and gold at the 2016 Paralympic Games in Rio de Janeiro. This time, the Group supports Mikela in her preparations for and trip to Tokyo. She will be the first athlete from Pula and Istria to proudly carry the Croatian flag at the opening of the 16th Paralympic Games.

In 2021, the safety, security, and wellbeing of our guests and team members remains our priority. Building on the initiatives undertaken during 2020 in terms of implementation of new Health & Safety and Hygiene measures and globally acknowledged Safe travel labels, in 2021, Arena Hospitality Group has implemented Safe Stay in Croatia, a national safety label, in all properties.

Through the rest of the year, Arena Hospitality Group will continue with responsible business practices that positively impact our people, places, and the planet.

CURRENT TRADING AND OUTLOOK

Trading since 30 June 2021 is in line with expectations across our two operating regions. The third quarter of the year is typically the strongest quarter in Croatia whilst somewhat quieter in Germany, Hungary and Serbia.

Booking pace in Croatia for the summer months is strong and encouraging and we expect to deliver a strong summer season. The increasing number of people vaccinated and the recently introduced European system of COVID-19 certificates are expected to deliver a more stable return of travel demand. Notwithstanding these encouraging developments, we will remain cautious and monitor the local and international developments and will adapt our operations accordingly as demonstrated throughout the past 18 months.



RELI SLONIM, PRESIDENT OF THE MANAGEMENT BOARD

SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2021

There were no other significant events during the reported period.

EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the Balance sheet date.

OPERATING REVIEW OF THE COMPANY AND ITS SUBSIDIARIES (THE "GROUP")

The following table sets out the Group's consolidated results of operations for the first six months of 2021.

CONSOLIDATED KEY PERFORMANCE INDICATORS

	Six months ended 30 June 2021	Six months ended 30 June 2020	Variance %
Total revenue (HRK million)	56.3	79.9	(29.5)
Accommodation revenue (HRK million)	42.7	59.4	(28.1)
EBITDAR (HRK million)	(41.2)	(33.1)	24.5
EBITDA (HRK million)	(49.3)	(37.1)	32.9
Profit / (loss) before tax (HRK million)	(102.3)	(152.3)	(32.8)
Rooms available ¹	853,972	481,711	77.3
Occupancy % ³	13.5	23.6	(1,013.5)
Average daily rate (HRK) ²	371.4	522.3	(28.9)
RevPAR (HRK)	50.0	123.3	(59.5)

¹ Rooms available and the occupancy calculation are based on operating days.

² Average daily rate represents total room revenues divided by the total number of paid units occupied by guests.

³ In Basis Points (bps).

The situation with the pandemic remains challenging with demand for international and domestic travel being still hindered. Although borders are not closed rules to cross them remain strict. Social distancing policies remain in place, bans on large gatherings and events, but restaurants, bars and other businesses are slightly coming back in operation. These measures continue to weigh on the travel and hospitality market. The Group's operations have to be analysed in this context.

Total revenues decreased by 29.5% to HRK 56.3 million (2020: HRK 79.9 million). Accommodation revenue dropped by 28.1% to HRK 42.7 million (2020: HRK 59.4 million) whereby occupancy decreased by 1,013.5 bps to 13.5% and the average daily rate reduced by 28.9% to HRK 371.4 (2020: HRK 522.3).

As a result of the above, on a reported basis, EBITDA loss increased by 32.9% to HRK 49.3 million (2020: negative HRK 37.1 million).

The Group continues to utilise Governments' support in its countries of operations to navigate through these challenging times. Moreover, the Group is focussed on preserving its liquidity and sustainability by further optimising its costs. Importantly, the Group is liquid, and its cash position of HRK 271.8 million, which is providing an additional safety net in the currently uncertain and unpredictable environment. More information on the specific measures by country are detailed below.

CROATIAN PORTFOLIO PERFORMANCE

The following table sets out the results for the Group's operations in Croatia the first six months of 2021:

KEY PERFORMANCE INDICATORS

	Six months ended 30 June 2021	Six months ended 30 June 2020	Variance %
Total revenue (HRK million)	46.6	28.3	64.7
Accommodation revenue (HRK million)	35.9	22.3	61.0
EBITDAR (HRK million)	(19.7)	(29.7)	(33.7)
EBITDA (HRK million)	(27.5)	(33.5)	(17.9)
Rooms available ¹	689,914	327,912	110.4
Occupancy % ²	14.9	20.1	(522.2)
Average daily rate (HRK) ³	349.4	337.4	3.6
RevPAR (HRK)	52.0	67.9	(23.4)
FTE ⁴	407.5	314.3	29.6

¹ Rooms available and occupancy are based on operating days.

² In Basis Points (bps)

³ Average daily rate represents total accommodation revenues divided by the total number of paid units occupied by guests.

⁴ The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full time employee to arrive at a total for Full Time Equivalent Employees.

In June, all the remaining properties (hotels and resorts) that were closed before started to operate. Favourable pandemic situation in the Istrian region and Croatia as well as in most European countries strongly affected booking activities which had a high week on week increase in June. Moreover, in the first week of June, Germany put Croatia on the green list regarding COVID-19 pandemic restrictions, which also had a huge impact on bookings. However, most of those bookings are related to July and August, and therefore most properties achieved modest occupancy especially in the first part of June.

These circumstances led to an increase in total revenues by 64.7% to HRK 46.6 million (2020: HRK 28.3 million). Accommodation revenues increased by 61.0% as a result of an increase in average daily rate of 3.6% to HRK 349.4 (2020: 337.4) since occupancy decreased by 522.2 bps to 14.9% (2020: HRK 20.1%). This translated in a RevPAR of HRK 52.0, which represents a decrease of 23.4% over last year (2020: HRK 67.9).

EBITDA loss decreased by 17.9% to HRK 27.5 million (2020: HRK 33.5 million). The Company keeps utilising employee related measures enacted by the Government, which help companies bearing a significant part of the cost of payroll. Currently the Government assists companies with the payment of salaries.

GERMAN, HUNGARIAN AND SERBIAN PORTFOLIO PERFORMANCE

The following table sets out the Group's results of operations in Germany, Hungary and Serbia the first six months of 2021:

KEY PERFORMANCE INDICATORS

	Reported / in HRK			Reported / in EUR		
	Six months ended 30 June 2021	Six months ended 30 June 2020	Variance %	Six months ended 30 June 2021	Six months ended 30 June 2020	Variance %
Total revenue (millions)	8.6	48.4	(82.2)	1.1	6.4	(82.8)
Accommodation revenue (millions)	6.8	37.1	(81.7)	0.9	4.9	(81.6)
EBITDAR (millions)	(15.3)	0.9	n/a	(2.0)	0.1	n/a
EBITDA (millions)	(15.5)	0.7	n/a	(2.1)	0.1	n/a
Rooms available ¹	164,058	153,799	6.7	164,058	153,799	6.7
Occupancy % ²	7.4	31.0	(2,356.1)	7.4	31.0	(2,356.1)
Average daily rate ³	557.0	777.8	(28.4)	73.8	103.3	(28.6)
RevPAR	41.4	241.4	(82.9)	5.5	35.0	(84.3)
FTE ⁴	105.1	132.2	(20.5)	105.1	132.2	(20.5)

¹ Rooms available and occupancy are based on operating days.

² In Basis Points (bps)

³ Average daily rate represents total accommodation revenues divided by the total number of paid units occupied by guests.

⁴ The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full time employee to arrive at a total for Full Time Equivalent Employees.

As tighter restrictions in travel and lockdowns continued from quarter one, the demand experienced in Germany remained flat with a slight uplift in June as measures were lifted. Leisure remained the primary source of demand, while business travel was subdued. This trend influenced the performance in Germany, while a year on year comparison is not like for like as Quarter one in 2020 experienced largely normal trading as it was pre pandemic. The hotels in Nuremberg and Cologne performed better than our properties in Berlin due to stronger domestic leisure demand. Our hotel in Hungary was closed due to the imposed lockdown and continued low demand levels.

Total reported revenue decreased by 82.2% to HRK 8.6 million (2020: HRK 48.4 million). Accommodation revenue dropped by 81.7% to HRK 6.8 million (2020: 37.1 million) whereby average daily rate experienced a reduction of 28.4% to HRK 557.0 and occupancy decreased by 2,356.1 bps to 7.4% (2020: 31.0%). This resulted in RevPAR deteriorating by 82.9% to HRK 41.4 (2020: HRK 241.4).

The 88 Rooms hotel in Belgrade, Serbia, started to operate during the observed period.

As a result of the above developments, reported EBITDA was adversely affected amounting to a loss of HRK 15.5 million (2020: HRK 0.7 million positive).

In Germany, the Group continues to utilise the "Kurzarbeit" measures enacted by the Government as a response to the COVID-19 outbreak. These measures enable regular working hours to be reduced and the Government compensates the difference to regular hours to employees thereby alleviating some pressure on the payroll side. These Government measures reduced the payroll expense by HRK 6.2 million during the reported period.

The Group postponed rental payments from March 2020 onwards and is currently negotiating acceptable terms with a view to agreeing waivers and rent deferrals in Germany.

As explained earlier, the Group has signed amendment to the lease agreement for art'otel budapest. Based on the amendment, the lessor will grant a waiver referring to six monthly rents for the period from August 2020 until January 2021.

MANAGEMENT AND CENTRAL SERVICES PERFORMANCE

The following table sets out the Group's results of management and central services operations the first six months of 2021:

	Six months ended 30 June 2021	Six months ended 30 June 2020	Variance %
Total revenue before elimination (HRK million)	24.6	28.7	(14.3)
Elimination of intra group revenue (HRK million)	(23.2)	(25.3)	(8.3)
Total reported revenue (HRK million)	1.4	3.4	(58.8)
EBITDA (HRK million)	(6.2)	(4.3)	44.2
FTE ¹	249.4	236.2	5.6

¹The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full time employee to arrive at a total for Full Time Equivalent Employees.

Arena Hospitality Management d.o.o., a subsidiary of the Company, entered into management agreements for all the properties owned, partially owned, leased or managed by the Group in Croatia, Germany, Hungary and Serbia. Arena Hospitality Management d.o.o. provides management services to all these properties and generates management fee revenues. Hotel management revenue related to properties within the Group is eliminated upon consolidation as intra-group revenue. Furthermore, all revenue generated within the Group from centralised services in Croatia and Germany is eliminated upon consolidation as intra-group revenue.

In line with the operations in Croatia and abroad, total reported revenue decreased by 14.3% to HRK 24.6 million (2020: HRK 28.7 million). External revenues decreased from HRK 3.4 million to HRK 1.4 million. EBITDA loss increased to HRK 6.2 million (2020: HRK 4.3 million) predominantly as a result of the drop in revenues.

RELATED PARTIES

Parties are considered to be related if one of the parties has the power to exercise control over the other party or if it has significant influence over the other party in making financial and/or operational decisions. The Company is controlled by Dvadeset Osam d.o.o., which owns 52.48% of the Company's shares (52.95% excluding treasury shares) as at 30 June 2021. The Company's ultimate parent is PPHE Hotel Group Limited which indirectly owns 100% of the shares of Dvadeset Osam d.o.o. All other subsidiaries of PPHE Hotel Group Limited are also treated as related parties. For a detailed list of all subsidiaries included in the Group, please refer to page 124 of the Group's 2020 annual report.

a. Balances with related parties

	Group		Company	
	As at 30 June 2021 HRK'000	As at 31 December 2020 HRK'000	As at 30 June 2021 HRK'000	As at 31 December 2020 HRK'000
Assets:				
Short-term receivables – Park Plaza Hotels Europe B.V.	50	794	50	681
Short-term receivables – from joint ventures	619	572	-	-
Short-term receivables – PPHE Nuernberg Operator Hotelbetriebsgesellschaft mbh	-	-	-	49
Short-term receivables – Arena Hospitality Management d.o.o.	-	-	3,575	1,426
Short term receivables – PPHE (Germany) B.V.	-	-	-	-
Short term receivables – Park Plaza (Germany) Services GmbH	-	-	178	-
Short-term receivables – Germany Real Estate B.V.	-	-	7,782	5,679
Short-term receivables – Sugarhill Investments B.V.	-	-	431	171
Long-term loans to joint ventures	46,213	42,558	-	-
Long-term loans to Sugarhill Investments B.V.	-	-	23,972	5,276
Long-term loan to Germany Real Estate B.V.	-	-	143,729	144,605
Liabilities:				
Trade payables – Arena Hospitality Management d.o.o.	-	-	1,521	-
Trade payables – PPHE (Germany) B.V.	13,718	13,181	-	-
Trade payables – Park Plaza Hotels Europe B.V.	679	702	679	702

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HOSPITALITY GROUP

b. Transactions with related parties

	Group		Company	
	As at 30 June			
	2021	2020	2021	2020
	HRK'000	HRK'000	HRK'000	HRK'000
Management fee revenue from joint ventures	44	273	-	-
Reimbursement of employees expenses – Arena Hospitality Management d.o.o.	-	-	3,228	3,362
Service charge revenue- joint ventures	501	997	-	-
Management fees expense – Arena Hospitality Management d.o.o.	-	-	922	562
Sales and marketing fees – Park Plaza Hotels Europe B.V.	1,844	1,089	1,844	1,089
Sales and marketing fees – PPHE (Germany) B.V.	324	1,936	-	-
Interest income – Sugarhill Investments B.V.	-	-	260	80
Interest income – Germany Real Estate B.V.	-	-	2,141	2,461
Interest income – joint venture	424	397	-	-

COMPANY BUSINESS RESULTS (CONSOLIDATED)

CONSOLIDATED INCOME STATEMENT

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	Variance %
<i>In HRK millions</i>			
Total operating income	56.3	79.9	(29.5)
Total operating expenses	(105.6)	(117.0)	(9.7)
EBITDA from operations	(49.3)	(37.1)	32.9
Depreciation	(51.7)	(53.0)	(2.5)
EBIT from operations	(101.0)	(90.1)	12.1
Financial revenues	5.7	0.4	1.325.0
Financial expenses	(11.3)	(29.5)	(61.7)
Other revenues/expense	8.5	(29.7)	(128.6)
Share in result of joint ventures	(4.2)	(3.4)	23.5
Total income	70.5	80.3	(12.2)
Total expenditures	(172.8)	(232.6)	(25.7)
Loss before tax	(102.3)	(152.3)	(32.8)
Income tax	(1.0)	27.4	(103.6)
Loss after tax	(103.3)	(124.9)	(17.3)

Total operating income decreased by 29.5% to HRK 56.3 million (2020: HRK 79.9 million) as a result of continuing lockdowns caused by the COVID-19 pandemic. Total operating expenses decreased by 9.7% to HRK 105.6 million (2020: HRK 117.0 million) due to decreased business activity related to the pandemic outbreak.

As a result of the aforementioned EBITDA loss from operations deteriorated by 32.9% to HRK 49.3 million (2020: negative HRK 37.1 million). EBIT loss from operations deteriorated by 12.1% to HRK 101.0 million (2020: negative HRK 90.1 million). Depreciation decreased by 2.5% to HRK 51.7 million (2020: HRK 53.0 million).

Financial revenues increased by HRK 5.3 million to HRK 5.7 million as a result of positive foreign exchange differences, while last year this had a negative impact.

Financial expenses decreased significantly to HRK 11.3 million (2020: HRK 29.5 million), mostly as a result of foreign exchange differences revenue, what is in this year shown under financial revenue, and last year we had HRK 13.9 million of expenses. Additionally, a lease waiver received for art'otel budapest has been recognised under Financial expenses which led to a decrease in expenses of HRK 4.5 million.

Other revenues amounted to HRK 8.5 million and relate predominantly to profit on the disposal of a fixed asset.

As a result of the foregoing the consolidated loss before tax decreased by 32.8% to HRK 102.3 million (2020: HRK 152.3 million).

The Group has not recognised deferred tax asset connected with investment tax incentives or tax losses carried forward compared to last year, which had an additional negative effect on our loss after tax.

Loss after tax decreased by 17.3% to HRK 103.3 million (2020: HRK 124.9 million).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(all amounts in HRK millions)

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	Variance %
Long-term assets	2,656.7	2,591.6	2.5
Short-term assets	311.7	451.2	(30.9)
Total assets	2,968.4	3,042.8	(2.4)
Total equity	1,430.4	1,531.5	(6.6)
Long-term liabilities and provisions	1,292.6	1,330.6	(2.9)
Short-term liabilities	245.4	180.7	35.8
Total liabilities	1,538.0	1,511.3	1.8
Total equity and liabilities	2,968.4	3,042.8	(2.4)

Long-term assets increased by HRK 65.1 million to HRK 2,656.7 million (year-end 2020: HRK 2,591.6 million) mostly as a result of investments.

Short-term assets decreased by HRK 139.5 million to HRK 311.7 million (year-end 2020: HRK 451.2 million) predominantly driven by the decrease in the Group's cash position. The cash position stood at HRK 271.8 million. We have financed all our investments in the period from our funds. Withdraw of cash under the Hotel Brioni facility started from July 2021 which improved our cash position.

Long-term liabilities and provisions decreased by HRK 38.0 million to HRK 1,292.6 million (year-end 2020: HRK 1,330.6 million) mostly due to the repayment of bank loans.

Short-term liabilities increased by HRK 64.7 million to HRK 245.4 million (year-end 2020: HRK 180.7 million) primarily due to increased trade payables for new capital investments.

COMPANY BUSINESS RESULTS (NON-CONSOLIDATED)

NON-CONSOLIDATED INCOME STATEMENT

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	Variance %
<i>In HRK millions</i>			
Total operating income	50.6	33.2	52.4
Total operating expenses	(77.5)	(64.5)	20.2
EBITDA	(26.9)	(31.3)	(14.1)
Depreciation	(35.3)	(33.6)	5.1
EBIT	(62.2)	(64.9)	(4.2)
Financial revenues	2.7	4.2	(35.7)
Financial expenses	(7.2)	(9.0)	(20.0)
Other revenues/ expenses	8.5	(27.3)	n/a
Total income	61.8	37.4	65.2
Total expenditures	(120.0)	(134.4)	(10.7)
Loss before tax	(58.2)	(97.0)	(40.0)
Income tax	-	27.1	(100.0)
Loss after tax	(58.2)	(69.9)	(16.7)

Total operating income increased by 52.4% to HRK 50.6 million (2020: HRK 33.2 million) as a result of the opening of many of our facilities and stronger booking activities which increased week on week in June. Total operating expenses increased by 20.2% to HRK 77.5 million (2020: HRK 64.5 million) as a result of increased business activity related to the opening of the summer season.

The EBITDA from operations loss improved by 14.1% to HRK 26.9 million (2020: HRK 31.3 million) mostly as a result of the growth in operating income. EBIT loss from operations decreased by 4.2% to HRK 62.2 million (2020: negative HRK 64.9 million). Depreciation grew by 5.1% to HRK 35.3 million (2020: 33.6 million) due to previously undertaken investments. Financial revenues decreased by 35.7% due to higher positive foreign exchange differences in previous year. Financial expenses decreased by 20.0% to HRK 7.2 million (2020: HRK 9.0 million) as last year expense includes paid penalty interests for Riviera case in the amount of HRK 2.6 million. Other revenues/ (expenses) refers predominantly to profit on disposed fixed asset, and last year Riviera settlement expense were included there.

As a result of the foregoing, the consolidated loss before tax decreased by 40.0% to HRK 58.2 million (2020: negative HRK 97.0 million). Loss after tax decreased by 16.7% to HRK 58.2 million (2020: negative HRK 69.9 million).

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(all amounts in HRK million)	30 June 2021 (Unaudited)	31 December 2020 (Audited)	Variance %
Long-term assets	2.384.4	2,294.6	3.9
Short-term assets	265.7	388.0	(31.5)
Total assets	2.650.1	2,682.6	(1.2)
Total equity	1.873.4	1,930.8	(3.0)
Long-term liabilities and provisions	636.3	664.1	(4.2)
Short-term liabilities	140.4	87.8	59.9
Total liabilities	776.7	751.8	3.3
Total equity and liabilities	2.650.1	2,682.6	(1.2)

Long-term assets increased by HRK 89.8 million to HRK 2,384.4 million (year-end 2020: HRK 2,294.6 million) as a result of capital investments.

Short-term assets decreased by HRK 122.3 million to HRK 265.7 million (year-end 2020: HRK 388.0 million) predominantly driven by the decrease in the Group's cash position. The cash position stood at HRK 228.8 million.

Long-term liabilities and provisions decreased by HRK 27.8 million to HRK 636.3 million (year-end 2020: HRK 664.1 million) mostly due to the amortisation of existing bank loans.

Short-term liabilities increased by HRK 52.6 million to HRK 140.4 million (year-end 2020: HRK 87.8 million) primarily due to increased trade payables for new capital investments.

PRINCIPAL RISKS OF THE GROUP AND THE COMPANY
CORPORATE GOVERNANCE REPORT

ARENA

HOSPITALITY GROUP

A MEMBER OF PPHE HOTEL GROUP



PRINCIPAL RISKS OF THE GROUP AND THE COMPANY

As set out in the Company's financial statements for the year ended 31 December 2020, there are no changes to the principal risks that currently affect the Group's performance.

The Company faces risks which are common to the tourism and travel industry. These risks include the COVID-19 pandemic, the related containment and social distancing strategies of local and intentional governments to control the pandemic and the ongoing impact of climate change on tourism.

The most significant of these risks at the moment relate to factors that are common to the hotel industry and beyond the Company's control. Notwithstanding the limited control the Company has over these risks, continuous efforts are taken to ensure the Company can utilise resources and assets to act with agility and continue to attract revenue sources under strained market conditions. Additionally, the Company is well positioned to weather these risks in a socially responsible manner through cost rationalisation and prioritising commercial activities which benefit the long term interests of the Company and its stakeholders.

For a detailed discussion of the risks facing the Group, please refer to pages from 26 to 32 of the Company's 2020 annual report.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CODE

The Company applies the Corporate Governance Code of the Zagreb Stock Exchange 2020 (the New Code) as adopted by the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange (the ZSE) in October 2019 based on the "comply or explain" principle. The Company abides by this principle and, where relevant, provides reasons for non-compliance. The Company has submitted its annual corporate governance questionnaires for 2020 in which it has provided the details on its application of the New Code. The Company also applies the Rules of the ZSE (the ZSE Rules) in its day-to-day business.

GENERAL ASSEMBLY MEETING

The General Assembly of the Company took place on 31 May 2021. On that General Assembly:

- the Company's Annual Report for 2020 (consolidated and non-consolidated) as well as the report of the Supervisory Board for its work in 2020 were considered;
- the decision on offset of losses realised in 2020 was adopted;
- the decisions on granting discharge to the members of the Supervisory Board and the Management Board for their work in 2020 were adopted;
- the decision on adoption of the Report on remuneration of the Management Board and Supervisory Board members in 2020 was adopted;
- the auditor of the Company for consolidated and non-consolidated reports for 2021 was appointed.

SUPERVISORY BOARD MEETINGS

The members of the Supervisory Board are: Boris Ernest Ivesha (Chairman), Yoav Arie Papouchado (Vice-Chairman), Kevin Michael McAuliffe, Marino Derossi, Amra Pende, Lorena Škuflić and Goran Nikolić.

The Supervisory Board of the Company held two meetings in the first six months of 2021:

- on 24 February 2021 whereat, inter alia, the Annual Report and the annual financial statements of the Company for the year 2020 (audited, consolidated and non-consolidated) were approved;
- on 28 April 2021 whereat, inter alia, unaudited consolidated and non-consolidated quarterly report of the Company for the first quarter of 2021 were discussed, the Supervisory Board reached decisions related to the Annual General Assembly of the Company and the Report on remuneration of the Management Board and Supervisory Board members in 2020 was adopted.

SUPERVISORY BOARD COMMITTEES

In the first half of 2021 the following Supervisory Board Committees' meetings were held:

- the Nomination and Remuneration Committee held a meeting on 23 February 2021 at which it considered the recommendation for the Company to adopt a decision on the deferred rewards to the Company's employees, on 23 April 2021 at which it considered recommending to the President of the Supervisory Board execution of an annex to the existing employment contract with the Management Board member, Mrs Manuela Kraljević, and on 28 April 2021 at which, inter alia, it recommended to the Supervisory Board the adoption of the Report on remuneration of the Management Board and Supervisory Board members in 2020;
- the Audit Committee held a meeting on 23 February 2021 at which it considered the Financial Statements of the Company for 2020 (audited, consolidated and non-consolidated) and a meeting on 28 April 2021 at which, inter alia, it adopted the recommendation for the appointment of Company's auditor for the year 2021.

MANAGEMENT BOARD MEETINGS

The Management Board primarily adopts its decisions in meetings and by correspondence in accordance with the applicable laws and the Company's Articles of Association. The Management Board has regular monthly (or, if required, more frequent) meetings to review operational activities in the Group, minutes of these meetings are recorded and kept for any future reference and reviews.

Noteworthy Management Board meetings in the first half of 2021 were:

- 24 February 2021 where, inter alia, the interim report for the fourth quarter of 2020 and the Annual Report of the Company for 2020 (consolidated and non-consolidated) were adopted;
- on 28 April 2021 whereat the unaudited consolidated and non-consolidated quarterly report of the Company for the first quarter of 2021 was adopted.

MAJOR SHAREHOLDERS

The share capital of the Company is HRK 102,574,420.00 HRK and is divided into 5,128,721 ordinary shares under the ticker ARNT-R-A, each without nominal value. As at 30 June 2021, 45,169 shares were held as treasury shares. Shareholders with holdings of 3% or more of the Company's registered capital are listed below:

		Percentage holding of Share Capital including treasury shares	Percentage holding of Share Capital excluding treasury shares
1	DVADESET OSAM D.O.O. (a member of the PPHE Hotel Group)	52.48%	52.95%
2	OTP BANKA D.D./ AZ OMF kategorije B	11.93%	12.04%
3	ADDIKO BANK d.d. / PBZ CO OMF-kategorije B	9.13%	9.22%
4	OTP BANKA D.D./ ERSTE PLAVI OMF kategorije B	7.35%	7.42%

VALUATION

In HRK	First six months of 2021		
	High	Low	Last
Share price	366	302	340
Market capitalisation ¹	1,860,580,032	1,535,232,704	1,728,407,680
Net debt ²	1,082,129,731	1,082,129,731	1,082,129,731
EV ³	2,942,709,763	2,617,362,435	2,810,537,411
EV/EBITDA⁴	n/a	n/a	n/a

Note: High and Low related to the price in the period for the six months ending 30 June 2021. Last refers to the share price as at 30 June 2021

¹ Number of shares outstanding as at 30 June 2021 was 5,128,721 of which 45,169 were held as treasury shares.

² Net debt calculated as current and non-current bank borrowings and other current and non-current loans less cash and cash equivalents. Finance lease obligations are included.

³ EV represents the enterprise value calculated as the sum of market capitalisation and net debt.

⁴ EBITDA for the twelve months ended 30 June 2021. LTM EBITDA amounted to negative HRK 31,042,260 therefore the EV/EBITDA is n/a.

**MANAGEMENT BOARD'S
RESPONSIBILITY STATEMENT**

ARENA

HOSPITALITY GROUP

A MEMBER OF PPHE HOTEL GROUP



MANAGEMENT BOARD'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Article 468. of the Capital Market Act (NN 65/18, 17/20) the Company's Management Board makes the following statement:

To the best of our knowledge:

- The short set of non-consolidated unaudited six months' financial statements of the Company (the **Financial Statements**) provides a comprehensive and true presentation of assets and liabilities, profit and loss, financial position and operation of the Company; set up in accordance with relevant financial reporting standards;
- The consolidated unaudited six months' financial statements (the **Consolidated Financial Statements**) provide a comprehensive overview of assets and liabilities, profit and losses of the Group. The consolidated financial data for the period, reported in line with the approach applied are contained in the prescribed forms attached to this report;
- The Financial Statements and Consolidated Financial Statements have not been audited; and
- The Management Board's Interim Report for the period from 1 January to 30 June 2021 contains a true presentation of the business results and financial position and operations of the Company and the companies included in the consolidation, with a description of the most significant risks and uncertainties to which the Company and the companies included in the consolidation are exposed as a whole.

Signed by the Management Board: Reuel Israel Gavriel Slonim (President of the Management Board), Devansh Bakshi (Member of the Management Board & Chief Financial Officer), Manuela Kraljević (Member of the Management Board & Marketing and Sales Director) and Edmond Pinto (Member of the Management Board & Chief Operation Officer).

MANAGEMENT BOARD:

President:



Reuel Israel Gavriel Slonim

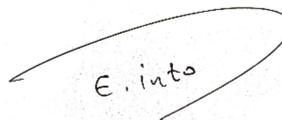
Members:



Devansh Bakshi



Manuela Kraljević



Edmond Pinto

APPENDIX 1 FINANCIAL STATEMENTS (UNAUDITED)

ARENA

HOSPITALITY GROUP

A MEMBER OF PPHE HOTEL GROUP



APPENDIX 1 FINANCIAL STATEMENTS (UNAUDITED)

Consolidated balance sheet

Consolidated profit and loss statement

Consolidated cash flow statement

Consolidated statement of changes in equity

Notes to the consolidated financial statement

Company balance sheet

Company profit and loss statement

Company cash flow statement

Company statement of changes in equity

Notes to the financial statement for Company

Annex 1

ISSUER'S GENERAL DATA

Reporting period:

01.01.21

to

30.06.21

Year:

2021

Quarter:

2.

Quarterly financial statements

Registration number (MB):

03203263

Issuer's home Member

State code:

HR

Entity's registration
number (MBS):

040022901

Personal identification
number (OIB):

47625429199

LEI:

74780000Z0PH7TFW3I85

Institution
code:

1665

Name of the issuer: **Arena Hospitality Group d.d.**

Postcode and town:

52100

Pula

Street and house number:

Smareglina ulica 3

E-mail address:

uprava@arenahospitalitygroup.com

Web address:

www.arenahospitalitygroup.com

Number of employees
(end of the reporting

1060

Consolidated report:

KD

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Mažurana d.o.o.

Zagreb, Radnička cesta 80

80662589

Ulrika d.o.o.

Pula, Smareglina ulica 3

80662845

Sugarhill Investments B.V.

Nizozemska, Amesterdam, Radarweg 60

320830051

Germany Real Estate B.V.

Nizozemska, Amesterdam, Radarweg 60

67278027

Bookkeeping firm:

No

(Yes/No)

(name of the bookkeeping firm)

Contact person: **Neven Čale**

(only name and surname of the contact person)

Telephone: **052/223-811**E-mail address: **ncale@arenahospitalitygroup.com**

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

BALANCE SHEET
balance as at 30.06.2021

in HRK

Submitter: Arena Hospitality Group d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	2.591.618.682	2.656.685.341
I INTANGIBLE ASSETS (ADP 004 to 009)	003	1.407.134	2.233.687
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	1.407.134	2.233.687
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	2.469.150.056	2.533.565.321
1 Land	011	337.138.033	335.895.026
2 Buildings	012	1.552.239.268	1.525.740.687
3 Plant and equipment	013	150.700.723	137.853.013
4 Tools, working inventory and transportation assets	014	3.767.632	3.363.519
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	13.331.450	26.583.529
7 Tangible assets in preparation	017	131.108.486	220.729.462
8 Other tangible assets	018	280.864.464	283.400.085
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	55.347.563	55.176.103
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	39.828.807	39.751.335
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	15.518.756	15.424.768
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
V DEFERRED TAX ASSETS	036	65.713.929	65.710.230
C) CURRENT ASSETS (ADP 038+046+053+063)	037	451.157.063	311.650.041
I INVENTORIES (ADP 039 to 045)	038	2.464.503	3.300.640
1 Raw materials and consumables	039	2.250.798	3.123.287
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	16.468	117.449
5 Advances for inventories	043	197.237	59.904
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	22.855.787	36.373.062
1 Receivables from undertakings within the group	047	794.072	50.218
2 Receivables from companies linked by virtue of participating interests	048	571.816	619.360
3 Customer receivables	049	7.728.944	22.376.233
4 Receivables from employees and members of the undertaking	050	0	0
5 Receivables from government and other institutions	051	6.140.402	4.401.949
6 Other receivables	052	7.620.553	8.925.302
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	223.960	223.960
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	223.960	223.960
8 Loans, deposits, etc. given	061	0	0
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	425.612.813	271.752.379
D) PREPAID EXPENSES AND ACCRUED INCOME	064	0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065	3.042.775.745	2.968.335.382
OFF-BALANCE SHEET ITEMS	066	0	0

LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	1.531.450.549	1.430.104.646
I INITIAL (SUBSCRIBED) CAPITAL	068	102.574.420	102.574.420
II CAPITAL RESERVES	069	1.142.742.013	1.142.742.013
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	317.154.752	317.966.432
1 Legal reserves	071	5.128.721	5.128.721
2 Reserves for treasury shares	072	16.871.376	16.871.376
3 Treasury shares and holdings (deductible item)	073	-16.871.376	-16.871.376
4 Statutory reserves	074	0	0
5 Other reserves	075	312.026.031	312.837.711
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	-9.962.664	-8.450.230
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	130.305	130.305
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	-9.826.022	-7.387.728
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	-266.947	-1.192.807
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	206.224.758	-21.057.972
1 Retained profit	084	206.224.758	0
2 Loss brought forward	085	0	21.057.972
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-227.282.730	-103.670.017
1 Profit for the business year	087	0	0
2 Loss for the business year	088	227.282.730	103.670.017
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	46.686.363	46.686.363
1 Provisions for pensions, termination benefits and similar obligations	091	1.328.606	1.328.606
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	0	0
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	45.357.757	45.357.757
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	1.283.896.409	1.245.858.103
1 Liabilities to undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	099	0	0
3 Liabilities to companies linked by virtue of participating interests	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities to banks and other financial institutions	103	1.275.984.952	1.239.963.670
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	7.911.457	5.894.433
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	180.742.424	245.686.270
1 Liabilities to undertakings within the group	110	13.883.510	14.396.659
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	0	0
3 Liabilities to companies linked by virtue of participating interests	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities to banks and other financial institutions	115	113.698.314	117.996.081
7 Liabilities for advance payments	116	9.491.828	18.218.321
8 Liabilities to suppliers	117	25.073.300	60.059.243
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	7.798.182	13.293.121
11 Taxes, contributions and similar liabilities	120	1.246.562	0
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	9.550.728	21.722.845
E) ACCRUALS AND DEFERRED INCOME	124	0	0
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	3.042.775.745	2.968.335.382
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2021 to 30.06.2021

in HRK

Submitter: Arena Hospitality Group d.d.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	80.008.496	23.454.554	65.345.357	53.133.219
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	78.050.613	22.931.057	54.854.191	46.859.518
3 Income from the use of own products, goods and services	004	0	0	0	0
4 Other operating income with undertakings within the group	005	0	0	0	0
5 Other operating income (outside the group)	006	1.957.883	523.497	10.491.166	6.273.701
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	199.849.966	96.126.353	157.783.222	89.270.326
1 Changes in inventories of work in progress and finished goods	008	0	0	0	0
2 Material costs (ADP 010 to 012)	009	44.940.251	16.937.752	43.055.701	27.486.397
a) Costs of raw materials and consumables	010	21.736.188	8.476.881	21.066.090	13.817.245
b) Costs of goods sold	011	0	0	0	0
c) Other external costs	012	23.204.063	8.460.871	21.989.611	13.669.152
3 Staff costs (ADP 014 to 016)	013	53.313.832	15.728.164	47.163.613	29.920.064
a) Net salaries and wages	014	34.355.414	11.954.956	29.709.152	19.327.187
b) Tax and contributions from salary costs	015	12.799.627	2.646.161	11.378.291	6.814.507
c) Contributions on salaries	016	6.158.791	1.127.047	6.076.170	3.778.370
4 Depreciation	017	52.998.461	26.475.419	51.697.370	24.596.461
5 Other costs	018	0	0	0	0
6 Value adjustments (ADP 020+021)	019	0	0	0	0
a) fixed assets other than financial assets	020	0	0	0	0
b) current assets other than financial assets	021	0	0	0	0
7 Provisions (ADP 023 to 028)	022	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	023	0	0	0	0
b) Provisions for tax liabilities	024	0	0	0	0
c) Provisions for ongoing legal cases	025	0	0	0	0
d) Provisions for renewal of natural resources	026	0	0	0	0
e) Provisions for warranty obligations	027	0	0	0	0
f) Other provisions	028	0	0	0	0
8 Other operating expenses	029	48.597.422	36.985.018	15.866.538	7.267.404
III FINANCIAL INCOME (ADP 031 to 040)	030	397.418	1.430.961	5.653.099	5.439.403
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0	0	0
4 Other interest income from operations with undertakings within the group	034	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0	0	0
6 Income from other long-term financial investments and loans	036	0	0	0	0
7 Other interest income	037	397.418	200.805	425.700	215.880
8 Exchange rate differences and other financial income	038	0	1.230.156	5.227.399	5.223.523
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	0	0	0	0
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	29.536.747	9.135.718	11.314.110	3.393.082
1 Interest expenses and similar expenses with undertakings within the group	042	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0	0	0
3 Interest expenses and similar expenses	044	15.547.476	9.086.740	11.199.274	3.304.535
4 Exchange rate differences and other expenses	045	13.883.461	0	0	0
5 Unrealised losses (expenses) from financial assets	046	0	0	0	0
6 Value adjustments of financial assets (net)	047	0	0	0	0
7 Other financial expenses	048	105.810	48.978	114.836	88.547
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0	0	-2.143.745
VIII SHARE IN LOSS OF JOINT VENTURES	052	3.368.836	2.375.752	4.230.384	4.230.384
IX TOTAL INCOME (ADP 001+030+049 +050)	053	80.405.914	24.885.515	70.998.456	58.572.622
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	232.755.549	107.637.823	173.327.716	94.750.047
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-152.349.635	-82.752.308	-102.329.260	-36.177.425
1 Pre-tax profit (ADP 053-054)	056	0	0	0	0
2 Pre-tax loss (ADP 054-053)	057	-152.349.635	-82.752.308	-102.329.260	-36.177.425
XII INCOME TAX	058	-27.358.901	-3.989.686	1.340.757	551.298
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-124.990.734	-78.762.622	-103.670.017	-36.728.723
1 Profit for the period (ADP 055-059)	060	0	0	0	0
2 Loss for the period (ADP 059-055)	061	-124.990.734	-78.762.622	-103.670.017	-36.728.723

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0	0	0
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)	068	0	0	0	0
1 Pre-tax profit (ADP 068)	069	0	0	0	0
2 Pre-tax loss (ADP 068)	070	0	0	0	0
XVII INCOME TAX (ADP 058+065)	071	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	-124.990.734	-78.762.622	-103.670.017	-36.728.723
1 Attributable to owners of the parent	076	-124.990.734	-78.762.622	-103.670.017	-36.728.723
2 Attributable to minority (non-controlling) interest	077	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	-124.990.734	-78.762.622	-103.670.017	-36.728.723
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	1.052.896	-2.113.652	1.512.434	-322.964
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0	0	0
5 Other items that will not be reclassified	085	0	0	0	0
6 Income tax relating to items that will not be reclassified	086	0	0	0	0
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	1.052.896	-2.113.652	1.512.434	-322.964
1 Exchange rate differences from translation of foreign operations	088	2.543.832	-1.409.987	-925.860	-1.327.914
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	-1.490.936	-703.665	2.438.294	1.004.950
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0	0	0
6 Changes in fair value of the time value of option	093	0	0	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0	0	0
8 Other items that may be reclassified to profit or loss	095	0	0	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086 - 096)	097	1.052.896	-2.113.652	1.512.434	-322.964
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-123.937.838	-80.876.274	-102.157.583	-37.051.687
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	-123.937.838	-80.876.274	-102.157.583	-37.051.687
1 Attributable to owners of the parent	100	-123.937.838	-80.876.274	-102.157.583	-37.051.687
2 Attributable to minority (non-controlling) interest	101	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2021. to 30.06.2021.

in HRK

Submitter: Arena Hospitality Group d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	-152.349.635	-102.329.260
2 Adjustments (ADP 003 to 010):	002	109.363.947	50.225.725
a) Depreciation	003	52.998.461	51.697.370
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	13.189.057	-8.996.651
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-396.809	-424.378
e) Interest expenses	007	15.537.126	11.199.274
f) Provisions	008	1.985.726	0
g) Exchange rate differences (unrealised)	009	22.140.430	-8.291.954
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	3.909.956	5.042.064
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	-42.985.688	-52.103.535
3 Changes in the working capital (ADP 013 to 016)	012	-4.631.908	30.008.918
a) Increase or decrease in short-term liabilities	013	6.074.106	40.568.327
b) Increase or decrease in short-term receivables	014	-11.687.654	-12.151.063
c) Increase or decrease in inventories	015	981.640	1.591.654
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	-47.617.596	-22.094.617
4 Interest paid	018	-14.944.749	-13.429.191
5 Income tax paid	019	-2.293.962	-2.450.252
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-64.856.307	-37.974.060
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	11.962.747
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	0	0
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	0	11.962.747
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-158.751.943	-93.322.687
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	-3.515.425
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-158.751.943	-96.838.112
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-158.751.943	-84.875.365
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	49.112.340	0
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	49.112.340	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-21.617.911	-31.578.845
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	-15.950.733	-487.452
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	-536.619	0
5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-38.105.263	-32.066.297
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	11.007.077	-32.066.297
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	-2.260.750	1.055.288
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-214.861.923	-153.860.434
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	718.890.634	425.612.813
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	504.028.711	271.752.379

STATEMENT OF CHANGES IN EQUITY
for the period from 01.01.21 to 30.06.21

in HRK

Item	ADP code	Attributable to owners of the parent																			
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)		
Previous period																					
1 Balance on the first day of the previous business year	01	102.574.420	1.142.736.633	5.128.721	16.334.757	16.334.757	0	314.360.230	0	127.000	0	0	0	-9.060.816	0	-2.481.508	54.101.721	148.976.037	1.756.464.457	0	1.756.464.457
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3 Correction of errors	03	0	3.380	0	0	0	0	-3.150.380	0	0	0	0	0	0	0	3.147.000	0	0	0	0	
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	102.574.420	1.142.742.013	5.128.721	16.334.757	16.334.757	0	311.209.850	0	127.000	0	0	0	-9.060.816	0	-2.481.508	57.248.721	148.976.037	1.756.464.457	0	1.756.464.457
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	2.214.562	0	0	0	2.214.562	0	2.214.562
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0	3.285	0	0	0	0	0	0	0	0	3.285	0	3.285
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	-765.206	0	0	0	0	0	0	-765.206	0	-765.206
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
18 Redemption of treasury shares/holdings	18	0	0	0	0	536.619	536.619	-536.619	0	0	0	0	0	0	0	0	0	0	-536.619	0	-536.619
19 Payments from members/shareholders	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	1.352.800	0	0	0	0	0	0	0	0	0	0	1.352.800	0	1.352.800
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0	0	0	0	0	0	0	0	0	148.976.037	-148.976.037	0	0	0	0	
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	102.574.420	1.142.742.013	5.128.721	16.871.376	16.871.376	0	312.026.031	0	130.305	0	-9.826.022	0	-266.947	206.224.758	-227.282.730	1.531.450.549	0	1.531.450.549		
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																					
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0	0	0	0	0	0	0	0	3.285	0	-765.206	0	2.214.562	0	0	1.452.641	0	1.452.641		
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	0	0	3.285	0	-765.206	0	2.214.562	0	-227.282.730	-225.830.089	0	-225.830.089		
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	536.619	536.619	0	816.181	0	0	0	0	0	0	148.976.037	-148.976.037	816.181	0	816.181		

Current period																			
1 Balance on the first day of the current business year	28	102,574,420	1,142,742,013	5,128,721	16,871,376	16,871,376	0	312,026,031	0	130,305	0	-9,826,022	0	-266,947	206,224,758	-227,282,730	1,531,450,549	0	1,531,450,549
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	102,574,420	1,142,742,013	5,128,721	16,871,376	16,871,376	0	312,026,031	0	130,305	0	-9,826,022	0	-266,947	206,224,758	-227,282,730	1,531,450,549	0	1,531,450,549
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-103,670,017	-103,670,017	0	-103,670,017
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0	0	0	-925,860	0	0	-925,860	0	-925,860
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payments from members/shareholders	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	48	0	0	0	0	0	0	811,680	0	0	0	0	0	0	0	0	811,680	0	811,680
22 Carryforward per annual plan	49	0	0	0	0	0	0	0	0	0	0	0	0	-227,282,730	227,282,730	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	102,574,420	1,142,742,013	5,128,721	16,871,376	16,871,376	0	312,837,711	0	130,305	0	-7,387,728	0	-1,192,807	-21,057,972	-103,670,017	1,430,104,646	0	1,430,104,646
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 41)	52	0	0	0	0	0	0	0	0	0	0	2,438,294	0	-925,860	0	0	1,512,434	0	1,512,434
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 50)	53	0	0	0	0	0	0	0	0	0	0	2,438,294	0	-925,860	0	-103,670,017	-102,157,583	0	-102,157,583
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	0	0	811,680	0	0	0	0	0	-227,282,730	227,282,730	0	811,680	0	811,680

NOTES TO FINANCIAL STATEMENTS - TFI
(drawn up for quarterly reporting periods)

Name of the issuer: Arena Hospitality Group d.d.

Personal identification number (OIB): 47625429199

Reporting period: 01.01.2021 to 30.06.2021

Notes to financial statements for half year period include:

a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (Items 15 to 15C IAS 34 - Interim financial reporting)

- see explanations in the text where business results for the period are commented.

b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period

- <https://www.arenahospitalitygroup.com/en/investors> and on the Zagreb Stock Exchange's website

c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies changed, a description of the nature and effect of the changes (Item 16.A (a) IAS 34 - Interim financial reporting)

- In preparation of financial statements for the reporting quarter period, we have applied the same accounting policies as in the last annual report.

d) a description of the financial performance in the case of the issuer whose business is seasonal (Items 37 and 38 IAS 34 - Interim financial reporting)

- see explanations in the text where business results for the period are commented.

e) other comments prescribed by IAS 34 - Interim financial reporting

- N/A

f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:

1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration

- see General data.

2. adopted accounting policies (only an indication of whether there has been a change from the previous period)

- There were no changes

3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately

- There were no changes in relation to the published data in the annual report in the Note 13 and 14

4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence

- see explanations in the text where business results for the period are commented.

5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security

- There was no significant change in relation to the data published in the annual report for 2020 in the Notes 13 and 14

6. average number of employees during the financial year

- 762.

7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the cost of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries

- Total capitalised cost is amounted to HRK 348,260 (net salary of HRK 206,727, taxes and contributions from salaries of HRK 92,607 and contribution on salary of HRK 48,926)

8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year

- N/A

9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

- Data on undertakings in which the company holds a participation capital are published in the annual report for 2020 on page 124. The results of the undertaking's operations are included in the company's consolidated report in accordance with the applicable reporting framework.

10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital

- N/A

11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer

- N/A

12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability

- N/A

13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member

- the largest group of participants is Park Plaza Hotel Europe. In accordance with the legal framework, the company does not publish quarterly reports, but only semi-annual and annual reports, which can be found on the <https://www.pphe.com/investors> website

14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13

- same as the answer under 13.

15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available

- N/A

16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking

- N/A

17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet

- N/A

Annex 1

ISSUER'S GENERAL DATA

Reporting period:

01.01.21

to

30.06.21

Year:

2021

Quarter:

2.

Quarterly financial statements

Registration number (MB):

03203263

Issuer's home Member

State code:

HR

Entity's registration
number (MBS):

040022901

Personal identification
number (OIB):

47625429199

LEI:

74780000Z0PH7TFW3I85

Institution
code:

1665

Name of the issuer: **Arena Hospitality Group d.d.**

Postcode and town:

52100

Pula

Street and house number:

Smareglina ulica 3

E-mail address:

uprava@arenahospitalitygroup.com

Web address:

www.arenahospitalitygroup.com

Number of employees
(end of the reporting

894

Consolidated report:

KN

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Bookkeeping firm:

No

(Yes/No)

(name of the bookkeeping firm)

Contact person:

Sandra Kalagac

(only name and surname of the contact person)

Telephone:

052/223-811

E-mail address:

skalagac@arenahospitalitygroup.com

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

BALANCE SHEET
balance as at 30.06.2021

in HRK

Submitter: Arena Hospitality Group d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	2.294.580.668	2.384.411.330
I INTANGIBLE ASSETS (ADP 004 to 009)	003	1.275.547	1.713.255
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	1.275.547	1.713.255
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	1.526.307.681	1.596.595.587
1 Land	011	235.413.623	234.785.951
2 Buildings	012	1.028.668.452	1.009.412.005
3 Plant and equipment	013	105.290.273	96.777.477
4 Tools, working inventory and transportation assets	014	3.767.632	3.363.519
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	13.331.450	26.583.529
7 Tangible assets in preparation	017	126.883.312	215.275.683
8 Other tangible assets	018	12.952.939	10.397.423
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	703.854.849	722.959.897
1 Investments in holdings (shares) of undertakings within the group	021	541.563.804	542.923.804
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	149.880.907	167.701.129
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	12.410.138	12.334.964
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
V DEFERRED TAX ASSETS	036	63.142.591	63.142.591
C) CURRENT ASSETS (ADP 038+046+053+063)	037	388.042.963	265.681.125
I INVENTORIES (ADP 039 to 045)	038	1.728.164	2.691.966
1 Raw materials and consumables	039	1.514.459	2.514.613
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	16.468	117.449
5 Advances for inventories	043	197.237	59.904
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	15.212.411	33.963.384
1 Receivables from undertakings within the group	047	8.006.178	12.016.787
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	2.719.174	17.232.049
4 Receivables from employees and members of the undertaking	050	27.927	25.725
5 Receivables from government and other institutions	051	3.292.604	3.075.845
6 Other receivables	052	1.166.528	1.612.978
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	223.960	223.960
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	223.960	223.960
8 Loans, deposits, etc. given	061	0	0
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	370.878.428	228.801.815
D) PREPAID EXPENSES AND ACCRUED INCOME	064	0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065	2.682.623.631	2.650.092.455
OFF-BALANCE SHEET ITEMS	066	0	0

LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	1.930.818.282	1.873.431.759
I INITIAL (SUBSCRIBED) CAPITAL	068	102.574.420	102.574.420
II CAPITAL RESERVES	069	1.142.742.013	1.142.742.013
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	557.298.673	558.110.351
1 Legal reserves	071	5.128.721	5.128.721
2 Reserves for treasury shares	072	16.871.376	16.871.376
3 Treasury shares and holdings (deductible item)	073	-16.871.376	-16.871.376
4 Statutory reserves	074	0	0
5 Other reserves	075	552.169.952	552.981.630
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	130.305	130.305
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	130.305	130.305
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	231.245.206	128.072.871
1 Retained profit	084	231.245.206	128.072.871
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-103.172.335	-58.198.201
1 Profit for the business year	087	0	0
2 Loss for the business year	088	103.172.335	58.198.201
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	46.685.173	46.685.173
1 Provisions for pensions, termination benefits and similar obligations	091	1.327.425	1.327.425
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	0	0
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	45.357.748	45.357.748
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	617.364.839	589.581.019
1 Liabilities to undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	099	0	0
3 Liabilities to companies linked by virtue of participating interests	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities to banks and other financial institutions	103	617.364.839	589.581.019
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	0	0
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	87.755.337	140.394.504
1 Liabilities to undertakings within the group	110	702.387	2.196.251
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	0	0
3 Liabilities to companies linked by virtue of participating interests	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities to banks and other financial institutions	115	54.837.489	54.553.167
7 Liabilities for advance payments	116	4.522.762	13.310.669
8 Liabilities to suppliers	117	13.586.691	40.149.524
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	7.371.640	11.985.592
11 Taxes, contributions and similar liabilities	120	806.320	3.016.395
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	5.928.048	15.182.906
E) ACCRUALS AND DEFERRED INCOME	124	0	0
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	2.682.623.631	2.650.092.455
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2021 to 30.06.2021

in HRK

Submitter: Arena Hospitality Group d.d.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	33.164.523	20.343.339	59.125.754	48.702.095
1 Income from sales with undertakings within the group	002	3.362.475	1.681.237	3.227.945	1.758.451
2 Income from sales (outside group)	003	28.428.407	18.370.502	46.416.593	41.463.920
3 Income from the use of own products, goods and services	004	0	0	0	0
4 Other operating income with undertakings within the group	005	0	0	0	0
5 Other operating income (outside the group)	006	1.373.641	291.600	9.481.216	5.479.724
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	125.337.171	68.837.335	112.804.350	67.728.050
1 Changes in inventories of work in progress and finished goods	008	0	0	0	0
2 Material costs (ADP 010 to 012)	009	27.857.600	13.380.018	37.153.168	25.087.706
a) Costs of raw materials and consumables	010	12.266.517	6.100.014	15.242.832	10.537.306
b) Costs of goods sold	011	6.859	4.425	25.025	17.441
c) Other external costs	012	15.584.224	7.275.579	21.885.311	14.532.959
3 Staff costs (ADP 014 to 016)	013	26.541.935	6.714.063	31.814.295	20.841.585
a) Net salaries and wages	014	19.000.390	6.993.786	20.987.156	12.743.995
b) Tax and contributions from salary costs	015	5.592.442	267.753	7.445.946	5.414.484
c) Contributions on salaries	016	1.949.103	-547.476	3.381.193	2.683.106
4 Depreciation	017	33.555.192	16.725.487	35.317.133	17.664.179
5 Other costs	018	0	0	0	0
6 Value adjustments (ADP 020+021)	019	0	0	0	0
a) fixed assets other than financial assets	020	0	0	0	0
b) current assets other than financial assets	021	0	0	0	0
7 Provisions (ADP 023 to 028)	022	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	023	0	0	0	0
b) Provisions for tax liabilities	024	0	0	0	0
c) Provisions for ongoing legal cases	025	0	0	0	0
d) Provisions for renewal of natural resources	026	0	0	0	0
e) Provisions for warranty obligations	027	0	0	0	0
f) Other provisions	028	0	0	0	0
8 Other operating expenses	029	37.382.444	32.017.767	8.519.754	4.134.580
III FINANCIAL INCOME (ADP 031 to 040)	030	4.271.282	1.718.682	2.664.470	1.459.617
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0	0	0
4 Other interest income from operations with undertakings within the group	034	2.541.127	1.718.306	2.401.224	1.245.676
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0	0	0
6 Income from other long-term financial investments and loans	036	0	0	0	0
7 Other interest income	037	470	376	0	0
8 Exchange rate differences and other financial income	038	1.729.685	0	261.979	213.594
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	0	0	1.267	347
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	9.012.933	6.235.495	7.184.075	3.514.829
1 Interest expenses and similar expenses with undertakings within the group	042	2.654.838	2.654.838	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0	0	0
3 Interest expenses and similar expenses	044	6.357.195	3.143.445	7.184.075	3.514.829
4 Exchange rate differences and other expenses	045	0	436.312	0	0
5 Unrealised losses (expenses) from financial assets	046	0	0	0	0
6 Value adjustments of financial assets (net)	047	0	0	0	0
7 Other financial expenses	048	900	900	0	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0	0	0
IX TOTAL INCOME (ADP 001+030+049 +050)	053	37.435.805	22.062.021	61.790.224	50.161.712
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	134.350.104	75.072.830	119.988.425	71.242.879
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-96.914.299	-53.010.809	-58.198.201	-21.081.167
1 Pre-tax profit (ADP 053-054)	056	0	0	0	0
2 Pre-tax loss (ADP 054-053)	057	-96.914.299	-53.010.809	-58.198.201	-21.081.167
XII INCOME TAX	058	-27.093.090	-3.762.761	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-69.821.209	-49.248.048	-58.198.201	-21.081.167
1 Profit for the period (ADP 055-059)	060	0	0	0	0
2 Loss for the period (ADP 059-055)	061	-69.821.209	-49.248.048	-58.198.201	-21.081.167

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0	0	0
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)	068	0	0	0	0
1 Pre-tax profit (ADP 068)	069	0	0	0	0
2 Pre-tax loss (ADP 068)	070	0	0	0	0
XVII INCOME TAX (ADP 058+065)	071	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	0	0	0	0
1 Attributable to owners of the parent	076	0	0	0	0
2 Attributable to minority (non-controlling) interest	077	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	-69.821.209	-49.248.048	-58.198.201	-21.081.167
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	0	0	0	0
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0	0	0
5 Other items that will not be reclassified	085	0	0	0	0
6 Income tax relating to items that will not be reclassified	086	0	0	0	0
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	0	0	0	0
1 Exchange rate differences from translation of foreign operations	088	0	0	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0	0	0
6 Changes in fair value of the time value of option	093	0	0	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0	0	0
8 Other items that may be reclassified to profit or loss	095	0	0	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086 - 096)	097	0	0	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-69.821.209	-49.248.048	-58.198.201	-21.081.167
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	0	0	0	0
1 Attributable to owners of the parent	100	0	0	0	0
2 Attributable to minority (non-controlling) interest	101	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2021. to 30.06.2021.

in HRK

Submitter: Arena Hospitality Group d.d.				
Item	ADP code	Same period of the previous year	Current period	
1	2	3	4	
Cash flow from operating activities				
1 Pre-tax profit	001	-96.914.299	-58.198.201	
2 Adjustments (ADP 003 to 010):	002	59.175.173	30.382.279	
a) Depreciation	003	33.555.192	35.317.133	
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	12.678.225	-9.077.227	
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0	
d) Interest and dividend income	006	-2.541.597	-2.401.224	
e) Interest expenses	007	9.012.034	7.184.075	
f) Provisions	008	1.985.726	0	
g) Exchange rate differences (unrealised)	009	3.944.473	-1.452.158	
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	541.120	811.680	
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	-37.739.126	-27.815.922	
3 Changes in the working capital (ADP 013 to 016)	012	-5.293.310	18.324.272	
a) Increase or decrease in short-term liabilities	013	12.122.372	33.081.848	
b) Increase or decrease in short-term receivables	014	-18.201.032	-16.152.053	
c) Increase or decrease in inventories	015	785.350	1.394.477	
d) Other increase or decrease in working capital	016	0	0	
II Cash from operations (ADP 011+012)	017	-43.032.436	-9.491.650	
4 Interest paid	018	-9.374.964	-8.306.776	
5 Income tax paid	019	0	0	
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-52.407.400	-17.798.426	
Cash flow from investment activities				
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	11.962.747	
2 Cash receipts from sales of financial instruments	022	0	0	
3 Interest received	023	470	0	
4 Dividends received	024	0	0	
5 Cash receipts from repayment of loans and deposits	025	0	0	
6 Other cash receipts from investment activities	026	0	0	
III Total cash receipts from investment activities (ADP 021 to 026)	027	470	11.962.747	
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-155.477.481	-91.642.599	
2 Cash payments for the acquisition of financial instruments	029	0	0	
3 Cash payments for loans and deposits for the period	030	-5.206.240	-18.934.865	
4 Acquisition of a subsidiary, net of cash acquired	031	0	0	
5 Other cash payments from investment activities	032	-15.330.000	-1.360.000	
IV Total cash payments from investment activities (ADP 028 to 032)	033	-176.013.721	-111.937.464	
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-176.013.251	-99.974.717	
Cash flow from financing activities				
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0	
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0	
3 Cash receipts from credit principals, loans and other borrowings	037	49.112.340	0	
4 Other cash receipts from financing activities	038	0	0	
V Total cash receipts from financing activities (ADP 035 to 038)	039	49.112.340	0	
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-16.522.387	-24.303.470	
2 Cash payments for dividends	041	0	0	
3 Cash payments for finance lease	042	0	0	
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	-536.620	0	
5 Other cash payments from financing activities	044	0	0	
VI Total cash payments from financing activities (ADP 040 to 044)	045	-17.059.007	-24.303.470	
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	32.053.333	-24.303.470	
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0	
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-196.367.318	-142.076.613	
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	597.070.653	370.878.428	
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	400.703.335	228.801.815	

STATEMENT OF CHANGES IN EQUITY
for the period from 01.01.21 to 30.06.21

in HRK

Item	ADP code	Attributable to owners of the parent																	
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	102.574.420	1.142.736.633	5.128.721	16.334.757	16.334.757	0	551.357.151	0	127.000	0	0	0	0	106.785.102	124.460.104	2.033.171.151	0	2.033.171.151
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	3.380	0	0	0	0	-3.380	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	102.574.420	1.142.742.013	5.128.721	16.334.757	16.334.757	0	551.353.771	0	127.000	0	0	0	0	106.785.102	124.460.104	2.033.171.151	0	2.033.171.151
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-103.172.335	-103.172.335	0	-103.172.335
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0	3.285	0	0	0	0	0	0	3.285	0	3.285
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	536.619	536.619	0	-536.619	0	0	0	0	0	0	0	0	-536.619	0	-536.619
19 Payments from members/shareholders	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	1.352.800	0	0	0	0	0	0	0	0	1.352.800	0	1.352.800
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0	0	0	0	0	0	0	0	0	124.460.104	-124.460.104	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	102.574.420	1.142.742.013	5.128.721	16.871.376	16.871.376	0	552.169.952	0	130.305	0	0	0	0	231.245.206	-103.172.335	1.930.818.282	0	1.930.818.282
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0	0	0	0	0	0	0	0	3.285	0	0	0	0	0	0	3.285	0	3.285
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	0	0	3.285	0	0	0	0	0	-103.172.335	-103.169.050	0	-103.169.050
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	536.619	536.619	0	816.181	0	0	0	0	0	0	124.460.104	-124.460.104	816.181	0	816.181

Current period																			
1 Balance on the first day of the current business year	28	102,574,420	1,142,742,013	5,128,721	16,871,376	16,871,376	0	552,169,952	0	130,305	0	0	0	0	231,245,206	-103,172,335	1,930,818,282	0	1,930,818,282
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	102,574,420	1,142,742,013	5,128,721	16,871,376	16,871,376	0	552,169,952	0	130,305	0	0	0	0	231,245,206	-103,172,335	1,930,818,282	0	1,930,818,282
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-58,198,201	-58,198,201	0	-58,198,201
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payments from members/shareholders	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	48	0	0	0	0	0	0	811,678	0	0	0	0	0	0	0	0	811,678	0	811,678
22 Carryforward per annual plane	49	0	0	0	0	0	0	0	0	0	0	0	0	-103,172,335	103,172,335	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	102,574,420	1,142,742,013	5,128,721	16,871,376	16,871,376	0	552,981,630	0	130,305	0	0	0	0	128,072,871	-58,198,201	1,873,431,759	0	1,873,431,759
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 41)	52	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 50)	53	0	0	0	0	0	0	0	0	0	0	0	0	0	-58,198,201	-58,198,201	0	-58,198,201	
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	0	0	811,678	0	0	0	0	0	0	-103,172,335	103,172,335	811,678	0	811,678

NOTES TO FINANCIAL STATEMENTS - TFI
(drawn up for quarterly reporting periods)

Name of the issuer: Arena Hospitality Group d.d.

Personal identification number (OIB): 47625429199

Reporting period: 01.01.2021 till 30.06.2021

Notes to financial statements for half year period include:

a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (Items 15 to 15C IAS 34 - Interim financial reporting)

- see explanations in the text where business results for the period are commented.

b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period

- <https://www.arenahospitalitygroup.com/en/investors> and on the Zagreb Stock Exchange's website

c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (Item 16.A (a) IAS 34 - Interim financial reporting)

- In preparation of financial statements for the reporting quarter period, we have applied the same accounting policies as in the last annual report.

d) a description of the financial performance in the case of the issuer whose business is seasonal (Items 37 and 38 IAS 34 - Interim financial reporting)

- see explanations in the text where business results for the period are commented.

e) other comments prescribed by IAS 34 - Interim financial reporting

- N/A

f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:

1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration

- see General data.

2. adopted accounting policies (only an indication of whether there has been a change from the previous period)

- There were no changes

3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately

- There were no changes in relation to the published data in the annual report in the Note 13 and 14

4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence

- see explanations in the text where business results for the period are commented.

5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security

- There was no significant change in relation to the data published in the annual report for 2020 in the Notes 13 and 14

6. average number of employees during the financial year

- 632

7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries

- Total capitalized cost is amounted to HRK 348,260 (net salary of HRK 206,727, taxes and contributions from salaries of HRK 92,607 and contribution on salary of HRK 48,926)

8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year

- N/A

9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

- Data on undertakings in which the company holds a participation capital are published in the annual report for 2020 on page 124. The results of the undertaking's operations are included in the company's consolidated report in accordance with the applicable reporting framework.

10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital

- N/A

11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer

- N/A

12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability

- N/A

13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member

- the largest group of participants is Park Plaza Hotel Europe. In accordance with the legal framework, the company does not publish quarterly reports, but only semi-annual and annual reports, which can be found on the <https://www.pptie.com/investors> website

14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13

- same as the answer under 13.

15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available

- N/A

16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking

- N/A

17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet

- N/A